

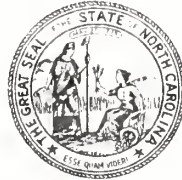
# COMMITTEE ON RETIREMENT BENEFITS IN ADDITION TO SALARY



REPORT  
TO THE  
1979  
GENERAL ASSEMBLY OF NORTH CAROLINA  
SECOND SESSION, 1980



STATE OF NORTH CAROLINA  
LEGISLATIVE SERVICES COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27602



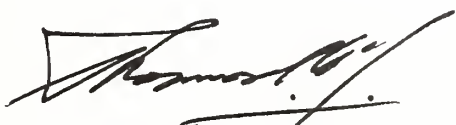
June 5, 1980

TO THE MEMBERS OF THE 1979 GENERAL ASSEMBLY (SECOND SESSION 1980)

Transmitted herewith is the report prepared by the Committee to Study Retirement Pay in Addition to Salary. The study was conducted pursuant to House Bill 433, Chapter 1029 of the 1979 General Assembly, and this report is submitted to the members of the General Assembly for their consideration.

Respectfully submitted,

  
Harold W. Hardison

  
Thomas W. Ellis, Jr.

Cochairmen

Committee to Study Retirement Pay in Addition to Salary



Digitized by the Internet Archive  
in 2013

## TABLE OF CONTENTS

	<u>Page</u>
LETTER OF TRANSMITTAL . . . . .	III
COMMITTEE PROCEEDINGS . . . . .	2
FINDINGS AND RECOMMENDATIONS . . . . .	7

## APPENDICES

A. Committee Membership List . . . . .	A-1
Authorizing Bills, House Bill 433 (Chapter 1029)	
Sec. 51, Chapter 1219 Session Laws 1977, 2nd Session 1978	
B. Witnesses . . . . .	B-1
C. Statement by Mr. Steve Adams, Consolidated Retirement System of Tennessee . . . . .	C-1
D. Staff Report on the Consolidation of Retirement Systems .	D-1
E. Remarks of Mr. E. T. Barnes, Director of the Teachers and State Employees' Retirement System . . . . .	E-1
F. Legislative Proposals . . . . .	F-1
I. Law Enforcement Officers Disability Amendment	
II. Hospital and Medical Benefits for Certain Retirees	
III. Standing Joint Committee on Pensions and Retirement	
IV. A -- Income Statement from Local System Disability Retirees	
B -- Income Statement from State System Disability Retirees	
C -- Income Statement from Law Enforcement Fund Disability Retirees	
V. Amendment to Employment Security Law	
VI. Extend Study Commission to 1981	



## COMMITTEE PROCEEDINGS

The Committee to Study Retirement Pay in Addition to Salary was established by Section 51 of Chapter 1219 of the Session Laws of 1977, Second Session 1978, and continued by House Bill 433, Chapter 1029 of the Session Laws of 1979 (Appendix A). The Committee met six times from the fall of 1978 to the spring of 1980.

The Committee elected as Cochairmen Senator Harold W. Hardison and Representative Thomas W. Ellis, Jr., the legislative members of the Board of Trustees of the State Retirement Systems.

The Committee at its first meeting discussed the scope of its study and the various problems involved with employees who retire from either another unit of government, another State retirement plan, private business or the military, and then become State Employees. The Committee discussed letters written to Lieutenant Governor Green concerning proposed legislation which would have restricted the amount of compensation a retired member of a State system could receive should he return to work for the State. These proposed bills had been considered by the Joint Legislative Commission on Governmental Operations but had not been introduced. The letters from the State Auditor, Mr. Henry Bridges, and the State Treasurer, Mr. Harlan Boyles, stated a position in opposition to broad legislation which would restrict any employment after retirement or would require a drastic reduction in benefits.

The staff made a presentation of a survey of other states and their laws concerning reemployment after retirement. Several states restrict reemployment by State Agencies, and others reduce, or eliminate, retirement benefits upon reemployment.

The Committee requested that the Retirement System make an

analysis of recipients of a retirement allowance from the three state-administered retirement programs and determine the number of individuals drawing benefits from more than one system.

The second meeting of the Committee on December 27, 1978 began with a discussion of information provided by the Retirement System concerning individuals who receive a benefit from two different systems. The total provided was 304 individuals as follows:

Retired from LEO and active in the State System --	52
Retired from LEO and also retired from the State --	4
Retired from LEO and active in the local system --	9
Retired from LEO and also retired from the local system	
	-- 21

Retired from the State and local system -- 218

This was out of a total membership of 300,000. The majority of those retired from both the State and Local Governmental System are Agricultural Extension Employees who are members of both systems.

It was the opinion of the Retirement System personnel that only those retired from the Law Enforcement Officers' Fund (LEO) and either active in or retired from the Teachers' and State Employees' Retirement System (State System) were receiving a double benefit from the State.

The Committee discussed at length the problem of retiring from one system and then entering another system and whether this was truly "double-dipping"; that is, receiving a benefit for time worked from two sources. The Committee discussed various solutions to this problem and then directed the staff, with help from the Department of State Treasurer and the State Auditor, to propose to the Committee a feasible means to consolidate the five state-administered retirement systems in order to eliminate the problem of retirement in one system and subsequent employment in another system. It was the Committee's



opinion that consolidation would eliminate this problem.

At the next meeting of the Committee on December 7, 1979, the staff presented a response to the Committee's request for information on consolidation. (Appendix D ). The Committee Staff and the Retirement System Staff traveled to New York City and met with the Retirement System's Actuary, George B. Buck Consulting Actuaries, Inc., and discussed the question of consolidation of retirement systems. It was the opinion of the Actuary that consolidation would require a tremendous amount of effort and that there would not be an equivalent amount in savings as a result.

The Retirement System discovered as a result of the Committee's request that the majority of those individuals earning double-service credit for retirement were law enforcement officers either retired on a service allowance or disability allowance and reemployed in another system. This arises due to the retirement age in LEO being 55 with disability benefits being projected to that age when a law enforcement officer retires on a disability allowance. That retired officer may then return to work in another State system and earn a benefit for the time between his present age and age 55. (See Appendix E ). Mr. Barnes, a member of the Committee, stated that a study conducted by the University of Oregon determined that North Carolina had the highest disability retirement program in the Nation. The staff brought out the fact that there is no ceiling on earnings in the Law Enforcement Officers' Benefit and Retirement Fund as there is in the State and local systems. These systems restrict disability benefits when a retired member earns above his average final compensation as used to determine his benefit. The Committee, after a discussion of this presentation , directed the staff to prepare legislation to amend the Law Enforcement Officers' Benefit and Retirement Fund to provide for a reduction in benefits

for disability retirees who return to work.

The Committee met for the fourth time on March 26, 1980 and heard from Mr. Steve Adams, Director of the Consolidated Retirement System of Tennessee. Mr. Adams was invited to speak at the suggestion of Senators Royall and Hardison who were familiar with the approach taken in Tennessee to State retirement matters. Mr. Adams' comments are attached as Appendix C. The Committee was interested in the Tennessee Council on Pensions and Retirement which reviews all pension and retirement legislation prior to introduction in the Tennessee General Assembly. The Council must make a determination as to the financial impact and the actuarial soundness of each bill and make a recommendation to the General Assembly. The Committee directed the staff to examine the Tennessee Council and North Carolina's statutes and prepare a proposal for a similar body for the North Carolina General Assembly. The Committee then discussed the situation of several nonstate-funded organizations, boards, and associations which were not contributing to the cost of hospital and medical benefits for their retired employees. The Committee directed the staff to prepare legislation to correct this situation.

The Committee then heard from Mrs. Linda Swindell and Mr. Rick Rogers of Management Improvement Corporation of America who made a presentation to the Committee on the payment by the State of the employees' portion of the Social Security Tax.

The Committee met again on April 16, 1980 to discuss and review proposed legislation concerning the Law Enforcement Officers' Benefit and Retirement Plan; health benefit cost for retired members of certain agencies, boards, and associations; the council or committee to consider legislation on pensions and retirement; and continuation of the study.

The Committee approved the legislation concerning disability retirees under the Law Enforcement Officers' Benefit and

Retirement Fund. After discussion of the impact on present retirees, the Committee decided to delay for a period of one year, the provisions of the bill with respect to those law enforcement officers who retired on disability prior to July 1, 1980.

The Committee approved the draft legislation requiring various societies, licensing and examining boards, and certain associations to pay the cost of providing hospital and medical benefits for retired employees. The cost of these benefits is presently being funded from the General Fund of the State. The Committee directed that a provision be placed in the bill to recover the cost of providing these benefits since the State began paying for them.

The Committee directed the staff to prepare several proposals concerning the establishment of a committee, under the Legislative Research Commission, to review all pension and retirement legislation prior to introduction in the General Assembly, or, the establishment of a standing Committee on Pensions and Retirement of each House of the General Assembly to meet as a joint committee; this committee to have final authority over pension and retirement bills.

The Committee also directed the staff to prepare a series of bills which would require a disability retiree to provide an income statement annually to the retirement system. The Committee was concerned that disability retirees could circumvent the law by engaging in outside income-producing activities and this statement would be a prerequisite to receiving a disability retirement benefit.

The Committee met for the final time on May 21, 1980 to approve the legislation to be submitted to the 1980 General Assembly. The Committee approved a bill to create a standing committee in each House of the General Assembly on Pensions and Retirement which would examine each piece of retirement

legislation for funding and actuarial soundness. The Committee determined that a standing committee of the General Assembly would be in an excellent position to oversee retirement legislation as opposed to a study committee or council.

The Committee also approved four bills which give the Retirement System the authority to request, and the Employment Security Commission the authority to release, information on retired members who are to be required to submit annual income statements.

The Committee also approved a bill extending the life of the study to 1981 in order to study retirement matters until the standing committees become established.

## FINDINGS AND RECOMMENDATIONS

After having reviewed the information brought forth during its meetings, the Committee to Study Retirement Pay in Addition to Salary makes the following findings and recommendations:

FINDING I: The Committee finds that in the various state-administered and funded retirement programs in which retirees are receiving a State salary and a State-funded retirement allowance, that only in the area of disability allowances is there an ability to receive a disability allowance and a salary while earning an additional retirement allowance for the same period of time. The Committee finds that with the exception of the Law Enforcement Officers' Benefit and Retirement Fund this problem is corrected by the present statutes governing the other systems. The Committee finds that in the interest of fairness and to treat all State employees equally, the Law Enforcement Officers' Benefit and Retirement Fund should be amended to bring it into the same status as the other state-administered retirement programs. This will require that all basic disability allowance recipients' benefits be reduced to the amount equal to their own contribution should the Board of Commissioners determine they are able to work or are working.

FINDING II: The Committee finds that in the health and medical benefits program made available to State employees and other members of the Teachers' and State Employees' Retirement System, there are certain associations, licensing and examining boards and certain societies under the sponsorship of the State whose retired employees receive these benefits at no cost to those associations, licensing and examining boards and societies, or cost to the employee. The Committee finds that the cost of



these benefits should be paid by the employing unit as the cost of the retirement benefits are presently paid.

FINDING III: The Committee, after hearing from several sources that the use of a permanent standing committee to review and make recommendations on retirement legislation increases the quality of legislation, reduces the number of bills, protects the financial soundness of the retirement and pension plans of the State, finds that such a committee would provide the General Assembly with greater control and understanding of retirement legislation and would offer greater protection for the financial and actuarial soundness of the State pension and retirement programs. The Committee also finds that a permanent Joint Standing Committee of the General Assembly will provide continuity in reviewing legislation concerning retirement matters and allow the members and chairmen of the committees to become expert in retirement matters. The Committee also finds that such a committee should be given authority to require any State agency or department head to provide assistance or information to the standing committee. The Committee determined that the membership of the Committee should be composed of the House and Senate money committee chairmen and other key positions in both Houses.

FINDING IV: The Committee finds that in the area of disability retirement benefits from the Teachers' and State Employees' Retirement System, the Law Enforcement Officers' Benefit and Retirement Fund and the Local Governmental Employees Retirement System, there is the possibility of an individual receiving a disability allowance and also working and receiving a salary or other compensation in excess of his average final compensation in violation of the present statutory requirements. The Committee finds that a requirement in the statutes of each retirement program of an annual income statement, limited

to earned income, plus a corresponding amendment to allow the Director of the Retirement System access to Employment Security Records, will give the individual retirement system greater control over their type of benefit.

FINDING V: The Committee finds that in the interim period before the Standing Joint Committee on Pensions and Retirement becomes established in the 1981 Session of the General Assembly, this study committee should continue in existence to review various problems facing the state-administered retirement systems, including the unfunded accrued liability of the systems and the provision of actuarial services. The Committee finds that these all need immediate study with recommendations to be made to the 1981 Session of the General Assembly.

RECOMMENDATION I: The General Assembly should enact legislation to place the basic disability allowance recipient of the Law Enforcement Officers' Benefit and Retirement Fund in the same status as disability benefit recipients in the other state-administered retirement programs. (See Appendix F, Legislative Proposal I). The Committee believes that this area is the most seriously abused of all facets of the retirement programs and that all State employees should be treated equally. This proposal would require the Board of Commissioners of the Law Enforcement Officers' Benefit and Retirement Fund to reduce a disability retiree's benefit to the amount funded by the member's own contribution if it were found that he or she were able to return to work or were indeed working.

RECOMMENDATION II: The General Assembly should enact legislation to require certain associations, licensing and examining boards and certain societies to fund the cost of medical and other benefits provided their retired employees. (See Appendix

F. Legislative Proposal II). The Committee proposes that those employing units who are made members of the Teachers' and State Employees' Retirement System by statute and are required to pay the full cost of the benefits provided to their employees also be required to fund the cost of health benefits provided to their employees which have heretofore been funded by the General Fund.

RECOMMENDATION III: The General Assembly should establish a permanent Joint Committee on Pensions and Retirement to continually study the state-administered retirement systems. (See Appendix F, Legislative Proposal III). The Committee proposes that a standing committee be established by statute in each House of the General Assembly to provide continued study and review of the state-administered retirement systems and review of legislation introduced in the General Assembly. The Joint Committee will have all authority granted to investigative committees of the General Assembly under Chapter 120 of the General Statutes. The proposed Joint Committee would forward any bill introduced in the General Assembly to the floor of the House or Senate with a written report required under the "Retirement System Actuarial Note Act" with its recommendations. The proposed Joint Committee would have the authority to request staff and actuarial assistance from the Legislative Services Office.

RECOMMENDATION IV: The General Assembly should enact legislation to require members of the various state-administered retirement systems who are retired on a disability retirement allowance to provide an annual earned income statement to allow better supervision over this program and to give the Retirement System access to Employment Security Records to provide an additional check on earnings of members retired on a disability allowance. (See Appendix F, Legislative Proposals IV and V). The Committee proposes that each disability



beneficiary of a state-administered retirement system submit an annual statement of earned income which will allow the Retirement System to determine whether any disability retiree is earning in excess of his average final compensation and subject to a reduction in benefits to the amount funded by the employee's own contributions as required by the present law. The Committee also proposes that the Retirement Systems be given the authority to collect income information from the Employment Security Commission as a check on each disability retiree's income statement.

RECOMMENDATION V: The General Assembly should continue the Committee's study until 1981 to allow a study of the state-administered retirement systems' unfunded accrued liability and actuarial service. (See Appendix F, Legislative Proposal VI). The Committee proposes that the study be continued under the funds remaining in its budget to allow continued investigations into state-administered retirement systems prior to the establishment of the Joint Standing Committee on Pensions and Retirement.



## APPENDIX A



MEMBERSHIP LIST

COMMITTEE TO STUDY RETIREMENT PAY IN ADDITION TO SALARY

1979

STATUTORY MEMBERS

Senator Harold W. Hardison  
Representative Thomas W. Ellis, Jr.  
Mr. Edwin T. Barnes  
Mr. Harlan E. Boyles  
Mr. Henry L. Bridges  
Mr. Harold Webb

LEGISLATIVE MEMBERS

Senator W. Craig Lawing  
Senator Marshall A. Rauch  
Senator Kenneth C. Royall, Jr.  
Representative John R. Gamble, Jr.  
Representative Edward S. Holmes  
Representative H. Horton Rountree



GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1979  
RATIFIED BILL

CHAPTER 1029

HOUSE BILL 433\*

AN ACT TO AMEND SECTIONS 51 AND 52 OF CHAPTER 1219 OF THE SESSION LAWS OF 1977, SECOND SESSION 1978 TO PROVIDE THE CONTINUATION OF THE STUDY OF RETIREMENT BENEFITS IN ADDITION TO SALARIES.

The General Assembly of North Carolina enacts:

Section 1. Section 51 of Chapter 1219 of the Session Laws of 1977, Second Session in 1978 is rewritten to read as follows:

"A special study commission is established to examine the situation of retirees returning to work in government jobs and drawing both retirement benefits and salaries (or consultant income). The membership of the commission shall be: three Senators appointed by the President of the Senate, three Representatives appointed by the Speaker of the House, the two legislative members of the Board of Trustees of the Teachers' and State Employees' Retirement System, the Director of the Teachers' and State Employees' Retirement System, the State Treasurer, the State Auditor, and the Director of State Personnel (12 members). The first meeting of the commission shall be called by the legislative members of the Teachers' and State Employees' Retirement System, and the chairman of the commission shall be elected by the membership. Members of the commission shall be reimbursed for commission-related expenses under G.S. 138-6 and G.S. 120-3.1. The commission shall report to the 1980 adjourned

session of the 1979 General Assembly. Within the limit of funds available in the appropriations in Section 52 of this act, the commission shall have the authority to employ part-time clerical staff and to contract for professional consultants from the Institute of Government of The University of North Carolina at Chapel Hill or from other sources."

Sec. 2. All monies remaining from the amount appropriated by Section 52 of Chapter 1219 of the Session laws of 1977, Second Session 1978 shall not revert but shall be available in the next fiscal year. This amount is to be administered by the Legislative Services Office for the reasonable expenses of the commission created by Section 51 of Chapter 1219 of the Session Laws of 1977, Second Session 1978.

Sec. 3. In the event that the 1979 General Assembly should enact a Commission or Committee to make a formula comparison study between the several retirement plans in the State court system and the other State retirement systems, one contributing member each from the Uniform Judicial, Solicitorial and Superior Court Clerk Retirement Systems to be appointed by the Chief Justice of the Supreme Court shall sit as voting members of the commission or committee.



Sec. 4. This act is effective upon ratification.

In the General Assembly read three times and ratified,  
this the 8th day of June, 1979.

-----  
JAMES C. GREEN

James C. Green

President of the Senate

-----  
CARL J. STEWART, JR.

Carl J. Stewart, Jr.

Speaker of the House of Representatives



Session Laws—1977      CHAPTER 1219

—RETIREMENT PAY IN ADDITION TO SALARY/STUDY

**Sec. 51.** A special study commission is established to examine the situation of retirees returning to work in government jobs and drawing both retirement benefits and salaries (or consultant income). The membership of the commission shall be: three Senators appointed by the President of the Senate, three Representatives appointed by the Speaker of the House, the two legislative members of the Board of Trustees of the Teachers' and State Employees' Retirement System, the Director of the Teachers' and State Employees' Retirement System, the Director of the Law Enforcement Officers' Retirement System, the State Treasurer, the State Auditor, and the Director of the State Personnel Commission (13 members). The first meeting of the commission shall be called by the legislative members of the Teachers' and State Employees' Retirement System, and the chairman of the commission shall be elected by the membership. Members of the commission shall be reimbursed for commission-related expenses under G.S. 138-6 and G.S. 120-3.1. The commission shall report to the 1979 General Assembly, by February 15, 1979. Within the limits of funds appropriated in Section 52 of this act, the commission shall have authority to employ part-time clerical staff and to contract for professional consultants from the Institute of Government of the University of North Carolina at Chapel Hill or from other sources.



## APPENDIX B



WITNESSES APPEARING

Mr. Steve Adams, Director  
Consolidated Retirement System of Tennessee  
Nashville, Tennessee

Mrs. Linda Swindell  
Management Improvement Corporation of America  
Durham, North Carolina

Mr. Rick Rogers  
Management Improvement Corporation of America  
Durham, North Carolina

Mr. Dennis Ducker, Assistant Director  
State Retirement Systems  
Raleigh, North Carolina





## APPENDIX C



I WELCOME THE OPPORTUNITY TO SHARE SOME OF TENNESSEE'S EXPERIENCES AND IDEAS WITH YOU TODAY AND I HOPE THAT YOU WILL BE ABLE TO BENEFIT FROM THEM.

FIRST OF ALL, I WOULD LIKE TO TELL YOU A LITTLE ABOUT OUR SYSTEM AS IT OPERATES TODAY. THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM COVERS STATE EMPLOYEES, TEACHERS AND THOSE LOCAL GOVERNMENT EMPLOYEES WHOSE AGENCIES HAVE ELECTED TO PARTICIPATE IN OUR PROGRAM. WE CURRENTLY HAVE CLOSE TO 135,000 ACTIVE MEMBERS AND 35,000 RETIREES.

THE EMPLOYER CONTRIBUTION RATE IS 7.65% OF SALARY ON BEHALF OF STATE EMPLOYEES AND 15.29% ON BEHALF OF TEACHERS. THE EMPLOYER CONTRIBUTION RATES FOR LOCAL GOVERNMENTS VARY, DUE TO THE COVERAGE OPTIONS EXTENDED TO THESE AGENCIES. THE EMPLOYEE CONTRIBUTION RATE FOR MOST MEMBERS IS 5%.

THE BENEFIT FORMULA FOR OUR LARGEST GROUP OF MEMBERS IS 1-1/2% OF THE FIVE YEAR AVERAGE COMPENSATION UP TO THE SOCIAL SECURITY INTEGRATION LEVEL, AND 1-3/4% OF THE AVERAGE COMPENSATION ABOVE THE SOCIAL SECURITY INTEGRATION LEVEL, TIMES THE YEARS OF SERVICE. OUR MEMBERS ARE ELIGIBLE TO RETIRE AT AGE 60 OR WITH 30 YEARS OF SERVICE.

THERE HAVE BEEN SEVERAL INTERRELATED IMPROVEMENTS MADE IN TENNESSEE'S RETIREMENT PROGRAM DURING THE PAST DECADE WHICH HAVE MADE A SIGNIFICANT DIFFERENCE IN THE RETIREMENT SYSTEM. I WOULD LIKE TO SHARE HIGHLIGHTS OF THREE MAJOR IMPROVEMENTS WITH YOU TODAY. THE THREE IMPROVEMENTS I AM GOING TO FOCUS ON ARE THE FORMATION OF THE COUNCIL ON PENSIONS AND RETIREMENT, THE CONSOLIDATION OF THE STATE RETIREMENT SYSTEMS, AND CHANGES IN THE LAW WHICH HAVE TIGHTENED UP THE PLAN AND HELPED TO PREVENT ABUSE.

TENNESSEE'S COUNCIL ON PENSIONS AND RETIREMENT WAS CREATED AS A LEGISLATIVE ADVISORY BOARD IN 1971. OF THE 18 MEMBERS OF THE COUNCIL, SEVEN REPRESENTATIVES AND SEVEN SENATORS SERVE AS VOTING MEMBERS. THE STATE TREASURER, STATE COMPTROLLER, COMMISSIONER OF PERSONNEL, COMMISSIONER OF FINANCE AND ADMINISTRATION AND DIRECTOR OF THE RETIREMENT SYSTEM SERVE AS NON-VOTING MEMBERS.

DURING THE LEGISLATIVE SESSION, THE COUNCIL MEETS WEEKLY TO REVIEW THE LEGAL AND FISCAL IMPLICATIONS OF ALL BILLS PERTAINING TO RETIREMENT, AND TO MAKE RECOMMENDATIONS FOR OR AGAINST THE BILLS. ALTHOUGH THE COUNCIL IS NOT A STANDING LEGISLATIVE COMMITTEE AND IS NOT AUTHORIZED

TO KILL PROPOSED LEGISLATION, RECENT CHANGES IN THE LAW PROVIDE THAT NO ACTION WILL BE TAKEN ON ANY BILL BY A STANDING COMMITTEE UNTIL THE COUNCIL REPORTS ITS RECOMMENDATION AND THE COST OF THE BILL.

THE COUNCIL ALSO MEETS MONTHLY DURING THE LEGISLATIVE INTERIM. THE ACTIVITIES OF THE COUNCIL DURING THE INTERIM INCLUDE REVIEWING VARIOUS PROCEDURES OF THE RETIREMENT SYSTEM, APPRAISING EXISTING TENNESSEE RETIREMENT LAW PROVISIONS, STUDYING PROPOSALS FOR CHANGE, AND MAKING RECOMMENDATIONS FOR CHANGE. STAFF SERVICES FOR THE COUNCIL ARE PROVIDED THROUGH THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM. THE COUNCIL NORMALLY REQUESTS THE RETIREMENT SYSTEM TO PREPARE A REPORT ON THE FEASIBILITY OF A PROPOSAL AS A BASIS FOR COUNCIL CONSIDERATION.

THE COUNCIL ON PENSIONS AND RETIREMENT HAS BEEN OF BENEFIT TO THE RETIREMENT SYSTEM IN TWO MAJOR WAYS--FIRST IN STUDYING AND INITIATING VARIOUS CHANGES IN THE PLAN WHICH HAVE CONSEQUENTLY BEEN ENACTED BY THE LEGISLATURE, AND SECOND, IN POINTING OUT THE COSTS AND EFFECTIVELY LIMITING SPECIAL INTEREST RETIREMENT LEGISLATION PASSED BY THE LEGISLATURE.

INCLUDED AMONG THE CHANGES IN THE RETIREMENT LAWS RECOMMENDED BY THE COUNCIL WAS THE 1972 CONSOLIDATION OF SEVEN SEPARATE STATE-ADMINISTERED RETIREMENT PLANS OPERATING IN TENNESSEE. THESE RETIREMENT PLANS REQUIRED PAYROLL CONTRIBUTIONS BY THE STATE WHICH WERE TEN TIMES HIGHER FOR JUDGES THAN FOR STATE EMPLOYEES. THEY PROVIDED BENEFITS RANGING FROM 1-1/8% OF FIVE YEAR AVERAGE SALARY TIMES YEARS OF SERVICE TO 75% OF A SITTING JUDGE'S SALARY.

INITIALLY, THE CONSOLIDATED PLAN PROVIDED FOR THREE GROUPS OF MEMBERS--GROUP 1 WAS MADE UP OF TEACHERS AND GENERAL EMPLOYEES, GROUP 2 CONSISTED OF STATE POLICEMEN AND WILDLIFE OFFICERS, AND GROUP 3 CONSISTED OF STATE AND COUNTY JUDGES AND COMMISSIONERS. CONTRIBUTION RATES AND BENEFIT FORMULAS STILL VARIED AMONG GROUPS, HOWEVER, THEY WERE MORE EQUITABLE THAN HAD PREVIOUSLY BEEN THE CASE AND OTHER PROVISIONS OF THE SYSTEM WERE SIMILAR FOR ALL MEMBERS.

AFTER THE DATE OF CONSOLIDATION, ALL NEW MEMBERS WERE ENROLLED IN THE NEW CONSOLIDATED SYSTEM. EXISTING MEMBERS WERE GIVEN THE OPTION OF REMAINING COVERED UNDER THEIR SUPERSEDED SYSTEM OR JOINING THE NEW SYSTEM.

IN 1976, THE LEGISLATURE ACTED FURTHER TO CREATE A MORE EQUITABLE SYSTEM BY PROVIDING THAT ALL NEW MEMBERS WOULD BECOME GROUP MEMBERS AND WOULD BE SUBJECT TO THE SAME RETIREMENT PROVISIONS REGARDLESS OF POSITION. IN ADDITION TO LOWERING THE SYSTEM'S COSTS, THIS CHANGE HAS SIMPLIFIED A NUMBER OF ADMINISTRATIVE FUNCTIONS IN THE RETIREMENT DIVISION. UNTIL THIS FINAL CHANGE WAS MADE, LEGISLATORS WERE STILL SUBJECT TO PRESSURES BY VARIOUS GROUPS TO UPGRADE BENEFITS OF ONE GROUP, AND THEN TO UPGRADE BENEFITS OF ANOTHER GROUP TO MAINTAIN BALANCED BENEFIT LEVELS.

THE THIRD MAJOR AREA OF IMPROVEMENT IN THE RETIREMENT SYSTEM CONSISTS OF VARIOUS CHANGES IN THE LAW DESIGNED TO TIGHTEN UP THE RETIREMENT SYSTEM AND HELP TO PREVENT ABUSE.

ONE OF THESE CHANGES WAS IN THE DISABILITY RETIREMENT REGULATIONS OF THE SYSTEM. THESE REGULATIONS WERE AMENDED LAST YEAR IN THREE WAYS.

FIRST, THE DEFINITION OF DISABLED WAS CHANGED FROM "MENTALLY OR PHYSICALLY INCAPACITATED FOR THE FURTHER PERFORMANCE OF DUTY," TO "INABILITY TO ENGAGE IN ANY SUBSTANTIAL GAINFUL ACTIVITY." THIS

CHANGE MEANS, FOR EXAMPLE, THAT A HIGHWAY PATROLMAN WHO BECOMES PHYSICALLY UNABLE TO PERFORM PATROL DUTIES BUT REMAINS ABLE TO PERFORM AN OFFICE JOB WOULD NOT BE ELIGIBLE FOR DISABILITY IN THE FUTURE. THIS DEFINITION IS MORE IN LINE WITH SOCIAL SECURITY DISABILITY PROVISIONS.

SECOND, THE LAW LIMITS ANNUAL SALARY AFTER RETIREMENT TO \$2,400. DISABILITY RETIREES MUST REPORT THEIR INCOME ANNUALLY AND ANYONE EARNING MORE THAN \$2,400 WILL NOT BE CONSIDERED DISABLED.

THIRD, NEW ACCIDENTAL DISABILITY PAYMENTS FROM THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM WILL BE INTEGRATED WITH BOARD OF CLAIMS OR WORKMEN'S COMPENSATION PAYMENTS SO THAT THE COMBINATION OF THE TWO BENEFITS WILL NOT EXCEED 75% OF THE MEMBER'S FINAL AVERAGE COMPENSATION.

DISABILITY RETIREES ARE STILL SUBJECT TO MEDICAL RE-EVALUATION UPON RECOMMENDATION OF THE MEDICAL PANEL AND THE RETIREMENT STAFF.

ANOTHER AREA WHICH WAS OPEN TO ABUSE WAS CREDIT FOR PART-TIME EMPLOYMENT. DUE TO THE COMBINED EFFECTS OF ALLOWING PART-TIME EMPLOYEES TO PARTICIPATE IN THE RETIREMENT SYSTEM AND PROVIDING A



MINIMUM MONTHLY RETIREMENT BENEFIT OF \$7 PER YEAR OF SERVICE, CERTAIN COUNTY COURT MEMBERS WERE ABLE TO QUALIFY FOR A PENSION OF UP TO \$200 A MONTH, EVEN THOUGH THEIR SALARY MAY NOT HAVE EVER EXCEEDED \$100 PER YEAR. LEGISLATIVE ACTION RESULTED IN TWO PROVISIONS IN THE LAW TO CURB THIS TYPE OF ABUSE--FIRST, PART-TIME EMPLOYEES ARE NO LONGER ELIGIBLE FOR MEMBERSHIP, AND SECOND, RETIREES ARE LIMITED TO 100% OF AVERAGE FINAL COMPENSATION IN BENEFITS FROM PUBLIC EMPLOYEE RETIREMENT SYSTEMS.

TWO OTHER PROVISIONS IN THE LAW WHICH WE HAVE FOUND VALUABLE IN PREVENTING ABUSE ARE THE EXCLUSION OF INDIVIDUALS PARTICIPATING IN ANOTHER PUBLIC EMPLOYEE RETIREMENT SYSTEM OTHER THAN SOCIAL SECURITY BASED ON THE SAME SERVICE, AND THE EXCLUSION OF MILITARY CREDIT FOR SERVICE CREDITED IN ANOTHER PUBLIC EMPLOYEE RETIREMENT SYSTEM.

MANY RETIREMENT SYSTEMS ACROSS THE COUNTRY ARE FACING PROBLEMS CREATED BY GENEROUS BENEFITS WHICH HAVE BEEN PROVIDED WITHOUT SUFFICIENT CONSIDERATION OF FUTURE COSTS. THIS PROBLEM CAN BE AVOIDED, OR AT LEAST ANTICIPATED, BY CONSTANT ATTENTION TO NEW BILLS, THOROUGH ACTUARIAL INFORMATION AND PROPER FUNDING. TENNESSEE'S COUNCIL ON

PENSIONS AND RETIREMENT HAS BEEN VERY EFFECTIVE IN OBTAINING ACTUARIAL COST ESTIMATES FOR EACH RETIREMENT BILL INTRODUCED. TENNESSEE LAW REQUIRES THAT ANY BILL WHICH CREATES FINANCIAL LIABILITY ON THE RETIREMENT SYSTEM MUST CONTAIN THE MANNER OF FUNDING. ACCRUED LIABILITY COSTS ARE DETERMINED OVER A 20 YEAR PERIOD. IN ADDITION TO THE ACTUARIAL STUDIES PERFORMED ON NEW BILLS, THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM RECEIVES AN ACTUARIAL VALUATION EVERY TWO YEARS.

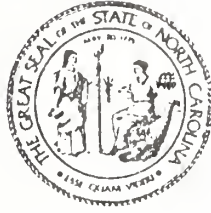
AS YOU ARE AWARE, PENSION LEGISLATION IS EXTREMELY COMPLICATED AND MAY BE SUBJECT TO A GREAT DEAL OF LOBBYING AND PUBLIC PRESSURE. WITHOUT CONTINUOUS ATTENTION, FAR-REACHING CHANGES CAN BE MADE QUICKLY WHICH MAY PUT A RETIREMENT SYSTEM IN SERIOUS FINANCIAL JEOPARDY. FOR THESE REASONS, A KNOWLEDGEABLE, RESPONSIBLE BODY WHICH WILL REVIEW ALL PENSION LEGISLATION AND STUDY LEGISLATIVE CHANGES IS HIGHLY BENEFICIAL TO A STATE RETIREMENT SYSTEM.

THE THREE IMPROVEMENTS IN TENNESSEE'S RETIREMENT PROGRAM WHICH I HAVE DISCUSSED HAVE ALL BENEFITED OUR SYSTEM SIGNIFICANTLY AND MAY BE WORTHY OF YOUR CONSIDERATION. AS I SAID EARLIER, I AM GLAD TO HAVE BEEN ABLE TO SHARE SOME OF OUR EXPERIENCES WITH YOU AND I HOPE THAT YOU WILL BE ABLE TO BENEFIT FROM THEM.

## APPENDIX D



NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE SERVICES OFFICE  
2129 STATE LEGISLATIVE BUILDING  
RALEIGH 27611



JOHN L. ALLEN, JR.  
LEGISLATIVE SERVICES OFFICER  
GEORGE R. HALL, JR.  
ADMINISTRATIVE OFFICER  
FRANK R. JUSTICE  
DIRECTOR OF FISCAL RESEARCH  
TERRENCE D. SULLIVAN  
DIRECTOR OF RESEARCH  
CLYDE L. BALL  
DIRECTOR OF LEGISLATIVE DRAFTING

LEGISLATIVE SERVICES OFFICE  
TELEPHONE: 733-7044  
FISCAL RESEARCH DIVISION  
TELEPHONE: 733-4910  
LEGISLATIVE DRAFTING DIVISION  
TELEPHONE: 733-6660

MEMORANDUM

TO: Members of the Committee on Retirement Pay  
In Addition to Salary

FROM: Winston Page, Jr., Committee Counsel

SUBJECT: Report on Consolidation of Retirement Systems as  
a Means to Limit Retirement Pay in Addition to Salary

In accordance with the instructions of the Committee at its last meeting, the following report has been developed on the possibility of the following measures being enacted in order to limit retirement pay in addition to salary:

1. Consolidation of all six retirement systems administered by the State;
2. Closing of the Law Enforcement Officers' Benefit and Retirement Fund with State officers becoming members of the Teachers' and State Employees' Retirement System and local officers becoming members of the Local Governmental Employees' Retirement System.

On January 12, 1979, Winston Page, Committee Counsel, E. T. Barnes and Dennis Ducker, Director and Assistant Director of the Retirement Division, respectively, met with the Division's consulting actuary and pension attorney. The purpose of the meeting was to discuss a number of items concerning legislative proposals and inquiries, and administration of the State's retirement systems. The two topics discussed at the instruction of this Committee and a summary of our findings and conclusions follow.

#### Consolidation of Retirement Systems

As to the legal aspects of a consolidated retirement system, the General Assembly could legally create such a system for all State employees with a single benefit structure and close the existing systems to any new participants. Further, the General Assembly could legally create a consolidated system with different levels of benefits for given occupational groups if: (1) there is a bona fide premise upon which to allow different benefits, such as a lower retirement age for hazardous duty classes; or, (2) a greater level of benefits to occupational classes such as judges, above the lowest level of benefits, if such benefits are funded on a current revenue basis (pay-as-you-go) instead of a full actuarial basis.

As to any cost savings of a consolidated system with the same levels of benefits as presently exist in the six systems, the actuary was of the opinion that there would be no savings, with the exception of having a single asset pool for asset purposes. (The 1979 Session of the General Assembly enacted legislation

which allows this asset pool for investment purposes only.)

The actuary stated that consolidation of governmental retirement pension systems has historically been due to severe problems with benefit structures and/or funding of existing systems. Two types of problems that warranted a consolidated system were situations in Maryland and Tennessee. In Maryland, the existing systems had a consolidated funding problem due to alternate cost-of-living increases to retirees. The Maryland solution was to close the existing systems; and, create a consolidated system with benefits integrated with social security, allowing transfer from existing systems into the consolidated system with a refund of employee contributions, and credit for prior service in the new system. In Tennessee, the problems were existing systems with differing levels of benefits and higher benefits going to occupational classes such as judges and law enforcement officers. The Tennessee solution was to create a consolidated system; however, the solution was short lived because the legislature then enacted higher levels of benefits for different occupational classes with the newly consolidated system.

As to the consolidation of retirement systems as a means to to limit retirement pay in addition to salary, it appears that this would be a rather drastic action considering the fact that only 56 individuals retired from one of North Carolina's systems are also active public employees. This "double-dipping" does not appear to constitute a problem of the magnitude that would warrant consolidation.



Closing of the Law Enforcement Officer's Benefit and Retirement Fund

The Law Enforcement Officers' Benefit and Retirement Fund could be closed to new participants, as described in full consolidation, and all new participants enrolled in the Teachers' and State Employees' Retirement System if they are State officers and the Local Governmental Employees' Retirement System if they are local officers. Again, as in full consolidation, the present participants could be persuaded to transfer to either the State or the Local System by re-funding their contributions and allowing their prior service credits. Because the law enforcement officers are considered a hazardous duty occupational class, they could be allowed different benefits within each system, even the same benefits they now have in the Law Enforcement Officers' Benefit and Retirement Fund.

This would appear, of the two methods, to be less drastic and more appropriate since law enforcement officers constitute the greatest number of retirees who are actively employed in the public service.

Recommendations

It appears that measures could be enacted into law which would limit retirement pay in addition to salary that would serve the same purpose without a major reorganization of the State's public retirement systems.



## APPENDIX E



REMARKS BY E. T. BARNES, DEPUTY STATE TREASURER AND DIRECTOR, RETIREMENT AND HEALTH BENEFITS DIVISION AT THE MEETING OF THE COMMITTEE ON RETIREMENT PAY IN ADDITION TO SALARY AT THE STATE LEGISLATIVE BUILDING ON DECEMBER 7, 1979

Since the last meeting of this Committee in 1978, we have been following the trend of individuals retiring from the six retirement systems we administer and then becoming active employees and members of another of the systems. This also includes those individuals who ultimately retire from two or more of the retirement systems.

Last year, I reported to you that 52 retirees in the Law Enforcement Officers' Benefit and Retirement Fund -- which I will refer to as LEO -- were active State employees and members of the Teachers' and State Employees' Retirement System -- which I will call the State System -- and that 9 LEO retirees were active local employees and members of the Local Governmental Employees' Retirement System -- which I will refer to as the Local System. The number, as of yesterday, of LEO retirees in the State System has dropped to 50 and the number of LEO retirees in the Local System has increased to 10. However, the number of individuals retired from both LEO and the State System has increased from 4 to 7 with the number of individuals retired from both LEO and the Local System decreased from 21 to 19. While these numbers do not appear to add and subtract readily, you must take into account deaths as well as newly retired LEO members who have become active State and local employees.

As to those individuals who are retired from the Local System who are active State employees in the State System, we now have 3. Of those retired from the State System who are actively employed and members of the Local System, we now have 12.

Those individuals retired from both the State and Local Systems have increased from 218 to 233, but the vast majority of these were Agricultural Extension Service

employees who receive retirement from both Systems in proportion to the amount of salary paid from the State and local governments. Of our other retirees, we have one individual who is retired from the State, Local and LEO Systems.

Also since our last meeting, we "inherited" payments of pensions to members of the North Carolina National Guard. You might be interested to know that there are 23 retirees in the State System receiving National Guard pensions and 3 local retirees receiving this pension. There is also one individual who is retired from the State and Local Systems receiving a National Guard pension. There are 11 individuals who are active State employees who are receiving a National Guard pension and 5 employees of local governments receiving this pension.

It is my opinion that 15 individuals retired in the State or Local Systems who are active State or local employees, out of a combined total of more than 43,000 retirees, is of no real significance. However, the fact that 60 persons retired from LEO are presently active State or local employees might be looked at differently when you consider that there are only 953 LEO retirees. The percentage of these 60 retirees to the total is 6.3.

Personally, I do not see a problem as to retirement administration when individuals retire and then earn credits in another retirement system on two different periods of public service. The matter of these benefits in addition to salary is a policy question that only the General Assembly can answer.

There is, however, one situation of retirees who are actively employed which might be considered potentially dangerous as far as retirement administration is concerned. We have found, in our research, that out of the 50 LEO retirees who are active State employees and members of the State System, there are 10 who retired from LEO on disability. LEO, unlike our other systems, has no limit on the amount a person may earn after having retired on disability retirement. Of

these 10 individuals, 5 became State employees the day they retired from LEO. As to the occupations of these individuals, 3 are magistrates, 2 are highway patrol dispatchers, one is with the Highway Safety Program, one is a probation officer, one works for the Criminal Justice Training Academy, one is in school maintenance, and one is a bridge tender with Transportation. The salary presently paid these individuals ranges from a low of \$8,592 to a high of \$20,388. The retirement allowances from LEO that these individuals are receiving range from a low of \$1,468 a year to a high of \$6,982 a year. One of these individuals has a combined retirement and salary of \$28,130 a year while he was making only \$18,540 a year when he retired in August 1979. Another individual, when she retired in 1978 had a salary of \$14,985, while her combined retirement and salary today is \$25,522.

I strongly recommend that this Committee propose the introduction of legislation that would limit the amount of disability retirement benefit LEO retirees who are reemployed may be paid. This legislation should address not only reemployment covered in a State administered retirement system, but any reemployment. Legislation of this kind would be consistent with the laws now governing our other retirement systems. We would be happy to work with the Committee Counsel in developing language for a bill which you might wish to consider.



## APPENDIX F





---

**SESSION 197**9

---

SECOND SESSION 1980

---

INTRODUCED BY:

LEGISLATIVE PROPOSAL I

---

Referred to:

---

1 A BILL TO BE ENTITLED AN ACT TO PROVIDE THE REDUCTION IN  
2 DISABILITY RETIREMENT BENEFITS TO REEMPLOYED MEMBERS OF THE LAW  
3 ENFORCEMENT OFFICERS BENEFIT AND RETIREMENT FUND OR MEMBERS  
4 WHOSE EARNING CAPACITY HAS IMPROVED.

5 The General Assembly of North Carolina enacts:

6 Section 1. G. S. 143-166(y) as it appears in the 1979  
7 Supplement to Volume 3C of the General Statutes is amended by  
8 adding a new paragraph between the fourth and fifth paragraphs  
9 to read as follows:

10 "On or after July 1, 1980, should the Board of Com-  
11 missioners determine that such disability beneficiary is engaged  
12 in or is able to engage in a gainful occupation paying more than  
13 the difference between the basic disability retirement allowance  
14 and the average final compensation, then the portion of his  
15 basic disability retirement allowance not provided by the member's  
16 contributions shall be reduced to an amount which together with  
17 the portion of the basic disability retirement allowance provided  
18 by the member's contributions and the amount earnable by him,  
19 shall equal the amount of his average final compensation.  
20 Should his earning capacity be later changed, the portion of  
21 his basic disability retirement allowance not provided by the  
22 member's contributions may be further modified: Provided that  
23 the new allowance shall not exceed the allowance originally  
24 granted nor an amount which, when added to the amount earnable  
25 by the member together with the portion of the basic disability  
26 retirement allowance provided by the member's own contributions,  
27 equals his average final compensation."

28 Sec. 2. This act shall become effective on July 1,  
29 1980 for employees retiring on or after July 1, 1980. For

1 employees retiring prior to July 1, 1980 this act shall become  
2 effective on July 1, 1981.

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

INTRODUCED BY:

LEGISLATIVE PROPOSAL II

Referred to:

1 A BILL TO BE ENTITLED AN ACT TO EQUITABLY DISTRIBUTE THE COST  
2 OF HOSPITAL AND MEDICAL CARE BENEFITS OF RETIRED EMPLOYEES OF  
3 CERTAIN ASSOCIATIONS.

3 The General Assembly of North Carolina enacts:

4 Section 1. G. S. 135-33 is hereby rewritten to read  
5 as follows:

6 "§ 135-33. Hospital and medical insurance. (a) The  
7 Board of Trustees of the Retirement System shall formulate,  
8 establish and administer for teachers and State employees, in-  
9 cluding all employees of the General Assembly except participants  
10 in the Legislative Intern Program and pages, a program of hospital  
11 and medical care benefits to the extent that funds for such benefits  
12 are specifically appropriated by the General Assembly. Such a  
13 program may be provided by the Board either directly or through  
14 the purchase of contracts therefor, or any combination thereof,  
15 as in its discretion it may deem wise and expedient. In awarding  
16 any contracts pursuant to this section, the Board shall give con-  
17 sideration to the total or overall cost of complete family cover-  
18 age by teachers and State Employees.

17 (b) Notwithstanding any provisions of this section  
18 to the contrary, any member who was vested at the time of  
19 retirement, his surviving spouse, and the surviving spouse of  
20 a teacher or State employee who is receiving a survivor's alter-  
21 nate benefit under G. S. 135-5(m), may obtain or continue the  
22 same hospital and medical care insurance and benefits for himself  
23 and/or dependents available to active teachers and State employees  
24 until they become ineligible for such insurance or benefits due  
to reasons other than retirement, provided such member or de-  
pendents or surviving spouse agrees to and pays by a deduction

1 from retirement benefits or by other appropriate method an amount  
2 not greater than the cost of such benefits for active teachers  
3 and State employees, adjusted for any appropriation by the  
4 General Assembly for qualified individuals.

5 (c) The Board of Trustees shall offer any members  
6 who were vested at the time of retirement, their spouses or sur-  
7 viving spouses, and the surviving spouses of teachers and State  
8 employees who are receiving a survivor's alternate benefit under  
9 G. S. 135-5(m), who are eligible for Medicare a plan of supple-  
10 mental insurance designed to provide them with medical and  
11 hospital insurance benefits comparable to the benefits offered  
12 active teachers and State employees, if such member or surviving  
13 spouse agrees to and pays by a deduction from retirement benefits  
14 or other appropriate method the cost of such benefits, adjusted  
15 for any appropriation by the General Assembly for qualified  
16 individuals.

17 (d) For the support of the benefits made available  
18 to any member vested at the time of retirement, their spouses  
19 or surviving spouses, and the surviving spouses of employees  
20 who are receiving a survivor's alternate benefit under G. S.  
21 135-5(m) of those associations listed in G. S. 135-27(a),  
22 licensing and examining boards under G. S. 135-1.1, the North  
23 Carolina Art Society, Inc. and the North Carolina Symphony  
24 Society, Inc., each association, organization or board shall  
25 pay to the Retirement System the full cost of providing these  
26 benefits under this section as determined by the Board of  
27 Trustees of the Retirement System. In addition, each associa-  
28 tion, organization or board shall pay to the Retirement System  
an amount equal to the cost of the benefits provided under this  
section to presently retired members of each association, orga-  
nization or board since such benefits became available at no  
cost to the retired member."

Sec. 2. This act is effective July 1, 1980.

INTRODUCED BY:

## LEGISLATIVE PROPOSAL III

Referred to:

1                   A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH A PERMANENT JOINT COMMITTEE ON PENSIONS  
3                   AND RETIREMENT.

4       The General Assembly of North Carolina enacts:

5               Section 1. Chapter 120 of the General Statutes is  
6 amended by adding a new Article to read as follows:

7                   "Article 14A

8       "§ 120-11-. Creation.--A standing committee is hereby  
9 created in the House of Representatives to be known as the  
10 Committee on Pensions and Retirement, to consist of the  
11 following members at the minimum, the Speaker of the House of  
12 Representatives, The Chairmen of the House Committees on Appro-  
13 priations and Finance, the Speaker Pro Tempore of the House  
14 of Representatives. A standing committee is hereby created  
15 in the Senate to be known as the Committee on Pensions and  
16 Retirement, to consist of the following members at the minimum,  
17 the President Pro Tempore of the Senate, the Chairmen of the  
18 Senate Committees on Appropriations, Finance and Ways and  
19 Means. The Committees on Pensions and Retirement of each  
20 house of the General Assembly shall hold joint meetings as the  
21 Joint Committee on Pensions and Retirement. The Joint Committee  
22 on Pensions and Retirement is designated a joint committee of  
23 the General Assembly for purposes of Article 5A of Chapter 120  
24 of the General Statutes, entitled "Committee Activity".

25       "§ 120-111. Duties of Joint Committee.--The Joint Com-  
26 mittee on Pensions and Retirement, with respect to public  
27 officers and public employees to whom State-administered  
28 retirement benefit or pension plans are applicable, shall:



1 (1) study the benefits, including those of the federal  
2 government, available to the public officers and public  
3 employees; including benefits made available under the Federal  
4 Social Security Act.

5 (2) consider all aspects of retirement and pension  
6 financing, planning and operation, including the financing of  
7 accrued liabilities of each retirement or pension fund; health  
8 and other fringe benefits.

9 (3) request the Governor, the State Treasurer, the  
10 State Auditor and any other agency or department head which  
11 has information relevant to these committees' study to prepare  
12 any reports as requested by the Committee.

13 (4) recommend legislation which will insure and maintain  
14 sound retirement and pension policy for all funds.

15 (5) analyze each item of proposed pension and retirement  
16 legislation in accordance with G. S. 120-112 through G. S.  
17 120-114, "The Retirement System Actuarial Note Act."

18 (6) study, analyze, and cause to be prepared reports on  
19 related subjects directed to be studied by joint resolution,  
20 resolution of either house of the General Assembly, or by  
21 direction of the Speaker of the House or President of the  
22 Senate.

23 "§ 120-112. Analysis of legislation.--Every bill, which  
24 creates or modifies any provision for the retirement of  
25 public officers or public employees or for the payment of  
26 retirement benefits or of pensions to public officers or  
27 public employees, shall, upon introduction in either house  
28 of the General Assembly, be referred to the Committee on Pensions  
and Retirement of that house. When the bill is reported out of  
committee it shall be accompanied by a written report by the  
Joint Committee on Pensions and Retirement containing, among  
other matters which the Joint Committee deems relevant, the  
actuarial note required by Article 15 of Chapter 120 of the

1 General Statutes, and pursuant to the Rules of the General  
2 Assembly, and an evaluation of the proposed legislation's  
3 actuarial soundness and adherence to sound retirement and  
4 pension policy.

5 "§ 120-113. Staff and actuarial assistance.--Upon application  
6 of the cochairmen of the Joint Committee on Pensions and  
7 Retirement, the Legislative Services Commission shall provide  
8 staff, including actuarial assistance, to aid the committee  
9 in its work.

10 "§ 120-114. Deadline for introduction of bills.--Every  
11 bill, which creates or modifies any provision for the retire-  
12 ment of public officers or public employees or for the payment  
13 of retirement benefits or of pensions to public officers or  
14 public employees shall be introduced no later than April 1  
15 of the Session Year.

16 "§ 120-115. Rule of each house of the General Assembly.--  
17 This Article shall be considered to be and have the force of  
18 a rule of each house of the General Assembly until and unless  
19 a change has been made by an express enactment or an express  
20 rule of either house of the General Assembly."

21 Sec. 2. This act shall become effective upon the  
22 adjournment sine die of the 1979 Session of the General  
23 Assembly.  
24  
25  
26  
27  
28





INTRODUCED BY:

LEGISLATIVE PROPOSAL IV - A

Referred to:

1                               A BILL TO BE ENTITLED  
2 AN ACT TO REQUIRE AN ANNUAL INCOME STATEMENT FROM DISABILITY  
3 BENEFICIARIES OF THE LOCAL GOVERNMENTAL EMPLOYEES RETIREMENT  
4 SYSTEM.  
5       The General Assembly of North Carolina enacts:  
6               Section 1. G. S. 128-27(e) is amended by adding a  
7 new subdivision (4) to read as follows:  
8 "(4) As a condition to the receipt of the disability retire-  
9 ment allowance provided for in G. S. 128-27(d) (d1) (d2) and  
10 (d3) each member retired on a disability retirement allowance  
11 shall, on or before April 15 of each calendar year, provide  
12 the Board of Trustees with a statement of his or her income  
13 received as compensation for services, including fees, com-  
14 missions or similar items, and income received from business,  
15 for the previous calendar year. Such statement shall be filed  
16 on a form as required by the Board of Trustees."

17               The Director of the State Retirement Programs shall  
18 contact any State or federal agency which can provide infor-  
19 mation to substantiate the statement required to be submitted  
20 by this subdivision and may enter into agreements for the  
21 exchange of information.

22               Sec. 2. This act shall become effective on July 1,  
23 1980.  
24



INTRODUCED BY:

## LEGISLATIVE PROPOSAL IV - B

Referred to:

1                           A BILL TO BE ENTITLED  
2 AN ACT TO REQUIRE AN ANNUAL INCOME STATEMENT FROM DISABILITY  
3 BENEFICIARIES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT  
4 SYSTEM.  
5       The General Assembly of North Carolina enacts:  
6           Section 1. G. S. 135-5(e) is amended by adding a  
7 new subdivision (4) to read as follows:  
8       "(4) As a condition to the receipt of the disability retire-  
9 ment allowance provided for in G. S. 135-5(d) (d1) (d2) and  
10 (d3) each member retired on a disability retirement allowance  
11 shall, on or before April 15 of each calendar year, provide  
12 the Board of Trustees with a statement of his or her income  
13 received as compensation for services, including fees, com-  
14 missions or similar items, and income received from business,  
15 for the previous calendar year. Such statement shall be filed  
16 on a form as required by the Board of Trustees."  
17       The Director of the State Retirement Programs shall  
18 contact any State or federal agency which can provide infor-  
19 mation to substantiate the statement required to be submitted  
20 by this subdivision and may enter into agreements for the  
21 exchange of information.  
22       Sec. 2. This act shall become effective on July 1,  
23 1980.  
24



INTRODUCED BY:

LEGISLATIVE PROPOSAL IV - C

Referred to:

1                           A BILL TO BE ENTITLED  
2 AN ACT TO REQUIRE AN ANNUAL INCOME STATEMENT FROM DISABILITY  
3 BENEFICIARIES OF THE LAW ENFORCEMENT OFFICERS' BENEFIT AND  
4 RETIREMENT FUND.  
5       The General Assembly of North Carolina enacts:  
6           Section 1. G. S. 143-166(y) is amended by adding  
7 a new paragraph at the end of the subsection to read as follows:  
8 "As a condition to the receipt of the basic disability retire-  
9 ment allowance provided for in this subsection, each disability  
10 beneficiary shall, on or before April 15 of each calendar year,  
11 provide the Board of Commissioners with a statement of his or  
12 her income received as compensation for services, including  
13 fees, commissions or similar items and income derived from  
14 business for the previous calendar year. Such statement shall  
15 be filed on a form as required by the Board of Commissioners."  
16       The Director of the State Retirement Programs shall  
17 contact any State or federal agency which can provide infor-  
18 mation to substantiate the statement required to be submitted  
19 by this subdivision and may enter into agreements for the  
20 exchange of information.  
21       Sec. 2. This act shall become effective on July 1,  
22 1980.  
23  
24



INTRODUCED BY:

LEGISLATIVE PROPOSAL V

Referred to:

1                   A BILL TO BE ENTITLED  
2 AN ACT TO ALLOW ACCESS TO RECORDS AND REPORTS OBTAINED BY THE  
3 EMPLOYMENT SECURITY COMMISSION BY THE DEPARTMENT OF STATE  
4 TREASURER DIVISION OF STATE RETIREMENT SYSTEMS.  
5 The General Assembly of North Carolina enacts:  
6                   Section 1. G. S. 96-4(g) (2) is amended by inserting  
7 on line 15 after the word "duties" and before the parenthesis,  
8 the following phrase:  
9                   ", including the information required to be obtained by the  
10 State Retirement System by G. S. 128-27(e), 135-5(e), and  
11 143-166(y)."  
12                   Sec. 2. This act is effective July 1, 1980.

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24





**SESSION 197~~7~~/9**

SECOND SESSION 1980

INTRODUCED BY:

## LEGISLATIVE PROPOSAL VI

Referred to:

1                                   A BILL TO BE ENTITLED

2   AN ACT TO CONTINUE THE STUDY COMMISSION ESTABLISHED BY SECTION

3       51 OF CHAPTER 1219 OF THE SESSION LAWS OF 1977, SECOND SESSION

4       1978 AND TO EXPAND THE SCOPE OF THE STUDY.

5   The General Assembly of North Carolina enacts:

6               Section 1. "A special study commission on Retirement

7   is established to examine the unfunded liability of the various

8   State administered Retirement Systems, the provision of actuarial

9   services to the State--administered retirement system and related

10   matters. The membership of the commission shall be: three

11   Senators appointed by the President of the Senate, three Repre-

12   sentatives appointed by the Speaker of the House, the two legis-

13   lative members of the Board of Trustees of the Teachers' and

14   State Employees' Retirement System, the Director of the Teachers'

15   and State State Employees Retirement System, the State Treasurer,

16   the State Auditor, and the Director of State Personnel (12 members).

17   The First meeting of the Commission shall be called by the legis-

18   lative members of the Teachers' and State Employees' Retirement

19   System, and the chairman of the commission shall be elected by

20   the membership. Members of the commission shall be reimbursed

21   for commission-related expenses under G.S. 138-6 and G.S. 120-3.1.

22   The commission shall report to the 1981 session of the General

23   Assembly. Within the limit of funds available in the appropriations

24   in Section 2 of this act, the commission shall have the authority

1 to employ part-time clerical staff and to contract for professional  
2 consultants from the Institute of Government of the University  
3 of North Carolina at Chapel Hill or from other sources."

4           Sec. 2. All monies remaining from the amount appro-  
5 priated by Section 52 of Chapter 1219, of the Session Laws of  
6 1977 (Second Session 1978) and reappropriated by Section 2 of  
7 Chapter 1029 of the Session Laws of 1979 shall not revert but  
8 shall be available in the next fiscal year. This amount is to  
9 be administered by the Legislative Services Office for the  
10 reasonable expenses of the commission created by Section 1 of  
11 this Act.

12           Sec. 3. This Act is effective upon ratification.

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28



